
By: **Senator Astle**

Introduced and read first time: January 27, 2003

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Insurance - Premium Finance Agreements**

3 FOR the purpose of providing that a premium finance agreement, in addition to
4 financing the premium of a surplus lines insurance contract, may include
5 certain premium receipts taxes and fees charged by a surplus lines broker;
6 altering the manner in which a finance charge is computed; and generally
7 relating to premium finance agreements.

8 BY adding to
9 Article - Insurance
10 Section 23-301.1
11 Annotated Code of Maryland
12 (2002 Replacement Volume and 2002 Supplement)

13 BY repealing and reenacting, with amendments,
14 Article - Insurance
15 Section 23-304
16 Annotated Code of Maryland
17 (2002 Replacement Volume and 2002 Supplement)

18 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
19 MARYLAND, That the Laws of Maryland read as follows:

20 **Article - Insurance**

21 23-301.1.

22 IN ADDITION TO FINANCING THE PREMIUM OF A SURPLUS LINES INSURANCE
23 CONTRACT, A PREMIUM FINANCE AGREEMENT MAY INCLUDE ANY:

24 (1) PREMIUM RECEIPTS TAX THAT A SURPLUS LINES BROKER IS
25 REQUIRED TO CHARGE UNDER § 3-324 OF THIS ARTICLE AND PAY TO THE
26 COMMISSIONER UNDER § 3-325 OF THIS ARTICLE;

1 (2) POLICY FEE THAT A SURPLUS LINES BROKER IS ALLOWED TO
2 CHARGE UNDER § 27-216 OF THIS ARTICLE; AND

3 (3) INSPECTION FEE THAT A SURPLUS LINES BROKER IS ALLOWED TO
4 CHARGE UNDER § 27-216 OF THIS ARTICLE.

5 23-304.

6 The finance charge shall be computed:

7 (1) on the amount of the entire premium loan advanced, INCLUDING ANY
8 TAXES OR FEES THAT ARE FINANCED, after subtracting any down payment on the
9 premium loan made by the insured;

10 (2) from the inception date of the insurance contract or from the due
11 date of the premium, disregarding any grace period or credit allowed for payment of
12 the premium, through the date when the final installment under the premium
13 finance agreement is payable; and

14 (3) at a rate not exceeding 1.15% for each 30 days, charged in advance.

15 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
16 October 1, 2003.